INNOVATION ZONE PLANNING GRANT

APPLICATION

Submitted by:

Pacific Mountain Workforce Development Council
1570 Irving Street
Tumwater, WA 98512

Contact:

Michael H. Kennedy
Executive Director
360.570.4240

1. **Provide a general description of the area you consider a potential "Innovation Zone." Describe the industries, labor market, potential collaborators. Discuss recent history of collaboration. This section is a narrative of your own design, intended to provide reviewers with evidence that the components of an Innovation Zone are likely to be in a distinct area.**

   The Pacific Mountain Workforce Development Council, in collaboration with Centralia College's Center of Excellence for Energy Technology, Satsop Business Park, Washington State University, Grays Harbor College, Bonneville Power Administration, Trans-Alta, Puget Sound Energy, organized labor (IBEW Local #77), Employment Security and numerous Public Utility Districts, is proposing to establish an Innovation Zone focusing on the advancement of energy technology and training within the geographic boundaries of the Pacific Mountain Workforce Development Area.

   This geographic area represents five counties; Lewis, Mason, Grays Harbor Pacific and Thurston. The region comprises 7,000 square miles and a population nearing 435,000 citizens. Dominantly rural, the area's economy is steeped in a natural resource base of timber and wood products. The service industries of retail, healthcare and tourism are major economic players, as well as some manufacturing and state government.

   In response to the federal Workforce Innovation in Regional Economic Development (WIRED) initiative, the Pacific Northwest Energy Coalition was established to pursue a more coordinated, unified approach to closing the skills gap within the energy sector.

   Anchored by the Center of Excellence for Energy Technology, the Pacific Mountain Workforce Development Council and the Satsop Development Park, the coalition is proposing a Regional Energy Training Center for the energy industry within the boundaries of the 1,800 acres of the unfueled nuclear power plant. Toward that end the coalition has received 23 letters of

commitment from legislators, industry, workforce and economic development organizations, chambers of commerce, organized labor, community colleges and Washington State University.

The project partners seek to stimulate regional growth through training, research and development programs in existing and renewable energy technology and Homeland Security. We believe this is an excellent fit for an Innovation Zone because:

- The program builds on an industry cluster that exists within the region;
- The Pacific Mountain region and the industry cluster are priorities for development on the governor's economic agenda;
- There is a critical need to train 10,000 replacement workers within the power generation and transmission industry of the Pacific Northwest due to pending retirements;
- There is a need for new training programs to accommodate changes in the industry due to homeland security issues and the rapid changes in energy technology; and
- The Satsop Development Park has millions of dollars worth of existing power system facilities and equipment that can be adapted for training and academic instruction as well as room for the growth of high-tech industrial Research and Development and manufacturing.

2. Describe the strategy and resources that will be used to define the geographic boundaries of the Innovation Zone.

The coalition will meet on a regular basis to refine the geographic boundaries of the Innovation Zone. Using research developed by the Satsop Development Park, the strategic plan of the Pacific Mountain Workforce Development Council, Centralia College Center of Excellence for Energy Technology and energy industry studies, the coalition will propose a

geographic boundary for the Innovation Zone recognizing that the Pacific Northwest Power Grid will be a major beneficiary of the designation.

The National Center on Education and the Economy has recently announced that the Satsop project was selected for technical assistance and support in designing a road map to achieve innovative economic development. Utilizing these resources, in addition to those available by the existing energy SKILLS panel, the coalition will aggressively build a business plan to chart its future during this planning period.

3. **Describe the strategy and resources that will be used to identify the resources that will foster economic activity within such a Zone. Provide particular discussion of the strategy to provide information about labor market and skill issues in the Zone.**

The coalition will use this planning grant to organize the plethora of data produced by industry and the support organizations to further strengthen the needs statement and general requirements of the energy industry.

Special emphasis will be focused on labor market information that identifies the current labor supply, unique demographics such as low income adults, dislocated workers, K-12 demographics, underrepresented populations as well as a survey of industry needs and the skill sets required.

An additional strategy of this planning grant will be to identify potential resources that will support the development of the Regional Energy Training Center. It is anticipated that this activity will identify seven to ten funding sources which will be contacted following the end of the grant period.

The National Center on Education and the Economy (NCEE), as our advisor, will broaden our access to funding resources, as well as labor market

information affecting the national energy industry. This information will further strengthen our needs statement and open doors to national stakeholders.

4. **Describe the strategy and resources that will be used to discuss the technological advances that will increase competitiveness of industries in the likely Zone.**

This proposal seeks to stimulate the regional economy through a strategic focus on training, research and development, and entrepreneurship in the energy industry. One of the reasons this project is so compelling for this region is that it effectively utilizes the "white elephant" in our own backyard, i.e. the former never fueled Satsop nuclear site. In addition to the significant resources identified elsewhere in this proposal, Satsop has a wealth of energy-related equipment that can be used for training simulation labs and/or research and development initiatives. This equipment, valued in the millions of dollars, could not be replicated at any university or college without significant investments in financial and space resources.

A second reason this project is compelling is that it will meet the training and research needs within an industry cluster that is a high priority at both the state and the national level. Energy is big business for the State of Washington. In 2004, power plants in Washington generated 24% more electricity than consumed in the state; electricity that was sold regionally and internationally on the commodities market. Further, more than 9500 megawatts of gas-fired generation capacity are now sited or proposed in Washington and between 1600-2900 megawatts are likely to be built in the next five years, all of this at a time when 50% of the skilled workforce is eligible to retire in the next five to eight years. Add to this mix a growing demand for clean and renewable energy resources such as wind power, fuel cells, and biomass utilization, new technology and training needs as a result of homeland security requirements, and the need to maintain an existing and

aging energy infrastructure. The potential for high-skill and high-wage jobs for this region, now and in the future, clearly exists.

5. **Describe the strategy and resources that will be used to define public policy options in support of the workers and industries in the Zone.**

During the period of this planning grant, the coalition will examine the opportunities and the barriers of the Energy Innovation Zone. Specifically as the Business Plan emerges, the need for investment in infrastructure, curriculum development, training funds, research resources, both human and financial, will be identified. As an outcome of this grant, the coalition will forward recommendations to influence public policy decisions in support of this project.

6. **Describe anticipated matching resources (including in-kind contributions).**

The U.S. Department of Labor has directed a minimum of $50,000 to the National Center on Education and the Economy to provide technical assistance and support in building a road map to successfully implement this "innovative economic development" project. These funds are available from July 1, 2006 until June 30, 2007.

Members of the coalition have committed their time and related expenses without reimbursement. Conservatively projecting their investment of time and resources would generate at least $10,000, during the period of the grant.

Finally, the commitment of equipment and infrastructure resources by the Satsop Development Park could be calculated in the millions of dollars.

Award of this planning grant would result in a 100+ fold return on your investment.